CPP ANNUAL USE OF CAPITAL SURVEY - 2010

NAME OF INSTITUTION
(Include Holding Company Where Applicable)

Pacific City Financial Corporation/Pacific City Bank

Point of Contact:	Timothy Chang	RSSD: (For Bank Holding Companies)	3595084
UST Sequence Number:	142	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	16,200,000	FDIC Certificate Number: (For Depository Institutions)	57463
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	December 19, 2008	City:	Los Angeles
Date Repaid[1]:	N/A	State:	California

[1]If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

X **Increase lending or reduce lending less than otherwise would have occurred.**

Though our overall gross lending volume has decreased by $32.9 million in 2010, we selectively increased residential mortgage loans.

X **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

We commenced residential mortgage center in mid-2009. We have originated $12.8 million and $83.1 million in mortgage loans and sold $6.5 million and $69.5 million in the secondary market in 2009 and 2010, respectively. We plan to increase our mortgage loan origination in 2011.

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☐ **Increase securities purchased (ABS, MBS, etc.).**

☐ **Make other investments.**

☐ **Increase reserves for non-performing assets.**

☐ **Reduce borrowings.**

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[X] **Increase charge-offs.**

Net charge-offs increased by $8.2 million to $26.1 million in 2010 compared with $17.9 million in 2009 .

[ ] **Purchase another financial institution or purchase assets from another financial institution.**

[ ] **Held as non-leveraged increase to total capital.**

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

We avoided having to reduce our balance sheet in order to preserve and maintain capital ratios required by an agreement we signed with our regulators on April 22, 2010. Had we not have the CPP funds, with the losses we incurred in 2009 and 2010, we would have had to reduce our balance sheet by about $144 million in average total assets in 2010 to maintain Tier 1 Leverage Capital Ratio equal to or exceeding 10% as required by an agreement with regulators.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

We were able to aggressively charge-off problem loans and increase our loan loss provisions. We added $24.1 million to our loan loss provision expenses in 2010 in addition to $26.9 million in 2009. We were also able to sell potential problem loans in a privately negotiated deals to reduce problem loans.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.